

299.310 Organization of assessment or cooperative company to write certain insurance other than life -- Membership -- Preliminary bond.

- (1) Twenty-five (25) or more persons residing in any one or more adjoining municipalities, or in any county, or in not more than ten (10) adjoining counties, who collectively own property of the value of fifty thousand dollars (\$50,000) or more, may organize a company for the purpose of cooperative or assessment insurance against:
 - (a) Loss of or damage to real or personal property of every kind and interest therein, from any or all hazards or causes, and against loss consequential upon such loss or damage; and
 - (b) Legal liability for the death, injury, or disability of any human being, or for damage to property; and medical, hospital, surgical, and funeral expenses of persons injured, irrespective of legal liability of the insured, when issued as an incidental coverage with or supplemental to liability insurance.

Such persons shall make and acknowledge a certificate setting forth their intention to form such a company, the counties or municipalities in which it intends to do business, its corporate name, and the place where its principal office is to be located. Every person insured in such a company who signs an application for insurance as required by the certificate of incorporation or by the bylaws of the company shall thereby become a member. Provided, however, that no such company shall insure against any of the hazards set forth in paragraph (b) of this subsection unless it has a net surplus of two million dollars (\$2,000,000) or more or is fully reinsured as to all such hazards by a contract or contracts filed with and approved by the commissioner.

- (2) No money shall be collected by any person on behalf of the company until two (2) of the members or organizers have given joint bond to the commissioner in the sum of ten thousand dollars (\$10,000), conditioned that all money so collected will be used as directed by law, and that the affairs of the company will be conducted according to law. The bond shall be held by the commissioner for the benefit of the members of the company until the company has become legally incorporated and its affairs have been examined by an expert accountant, appointed by the commissioner, and found to be in due and regular form, and immediately thereafter the bond shall be canceled.
- (3) No company shall be formed under KRS 299.310 to 299.470 for the purpose of transacting any business of insurance other than as prescribed in those sections, and no company shall insure against any loss other than the ones permitted by those sections. Any company operating under the provisions of KRS 299.310 to 299.470 as of June 1, 1960, shall be authorized to write all types of insurance allowed under subsection (1) of this section without amendment of its charter or articles of incorporation.
- (4) Insurers organized under the provisions of this section are subject to the provisions of subtitle 36 of KRS Chapter 304 to the extent applicable and not in conflict with the expressed provisions of this chapter.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 892, effective July 15, 2010. -- Amended 1982 Ky. Acts ch. 209, sec. 2, effective July 15, 1982. -- Amended 1960 Ky. Acts ch. 75, sec. 2, effective June 16, 1960. -- Amended 1944 Ky. Acts ch. 80, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 702, 717.